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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/209,815	12/11/1998	ROBERT A. FERSTENBERG	2566-158	6481

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EXAMINER

MYHRE, JAMES W

ART UNIT PAPER NUMBER

3622

DATE MAILED: 10/08/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.
09/209,815

Applicant(s)
Ferstenberg et al

Examiner
James W. Myhre

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136 (a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on Jun 14, 2002.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11; 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 116-121, 123, and 125-147 is/are pending in the application.
- 4a) Of the above, claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 116-121, 123, and 125-147 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claims _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
*See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892) 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s). _____ 6) ☐ Other:

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DETAILED ACTION

Response to Amendment

1. The amendment filed on June 14, 2002 has been considered but is ineffective to overcome the Silverman et al (5,924,082).

Claim Rejections - 35 USC § 112

2. The following is a quotation of the fourth paragraph of 35 U.S.C. 112:

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

3. Claims 128, 139 and 147 are rejected under 35 U.S.C. § 112, fourth paragraph, as being of improper dependent form for failing to further limit the subject matter of a previous claim.

The claims discuss structure (apparatus) in a method claim which is improper because they cannot further limit the method as previously claimed. In the present application, the parent claims include the method steps of generating electronic opening messages, generating electronic offer messages, generating electronic counter-offer messages, and repeating the above steps. The “dependent” apparatus claims contain no further limitation of these method steps, nor do they add any additional method steps. Thus, as previously discussed, they fail to further limit the subject matter of the previous claims.

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Claim Rejections - 35 USC § 101

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 128, 139 and 147 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claims includes both an apparatus (computer readable medium) and the method steps of Claims 116, 129, and 140, respectively; and thus is directed to neither a “process” nor a “machine”, but rather embraces or overlaps two different statutory classes of invention set for in 35 U.S.C. 101 which is drafted so as to set forth the statutory classes of invention in the alternative only (*Ex parte Lyell*, 17USPQ2d 1551).

As discussed by the Applicant on page 6 of the response filed on June 14, 2002, the computer-readable medium containing computer-executable instructions is a article of manufacture. However, the method steps disclosed in the parent claim do not pertain to the manufacture of this article, but perform a function entirely separate and distinct from the manufacturing process. Thus, as in Ex parte Lyell, 17 USPQ2d 1548 (BPAI 1990), this claim is claiming “both an apparatus and a method of using the apparatus in a single claim”, as cited by the Applicant; and, therefore, pertains to non-statutory subject matter. For such a claim to be deemed statutory, the method steps of the hypothetical parent claim would need to be directed to how the computer-executable instructions were being stored onto the computer-readable medium (i.e.

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manufacturing the article), not how the computer-executable instructions would cause a computer to perform some other function.

Claim Rejections - 35 USC § 102

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless -

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371© of this title before the invention thereof by the applicant for patent.

The changes made to 35 U.S.C. 102(e) by the American Inventors Protection Act of 1999 (AIPA) do not apply to the examination of this application as the application being examined was not (1) filed on or after November 29, 2000, or (2) voluntarily published under 35 U.S.C. 122(b). Therefore, this application is examined under 35 U.S.C. 102(e) prior to the amendment by the AIPA (pre-AIPA 35 U.S.C. 102(e)).

7. Claims 116-120, 123, 127-129, 133, 135, 137, 139, 140-143, and 145-147 are rejected under 35 U.S.C. 102(e) as being anticipated by Silverman et al (5,924,082).

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Claims 116, 127, 128, 137, 139, 146, and 147: Silverman discloses a method and computer readable medium with computer instructions for intermediary-negotiated transactions of commodities (col 7, lines 27-35), comprising:

- a. Generating electronic opening messages requesting to buy and/or sell commodities by a plurality of participants (users/traders)(col 7, lines 25-33);
- b. Generating electronic offer messages from the intermediary (matching computer) to the participants to buy and/or sell commodities within the intermediary's objectives (parameters/guidelines/bidding rules)(col 8, lines 25-27);
- c. Generating counter-offer messages generated within the buyer/seller's objectives (parameters/guidelines/bidding rules)(col 7, lines 46-49 and col 12, lines 11-13 and 25-26);
- d. Repeating steps b and c (negotiating) until an agreement is reached which is within the objectives (parameters/guidelines/bidding rules) of the buyers and sellers and the quantity offered for sale equals the quantity offered for purchase (col 7, lines 46-49 and col 12, lines 11-13 and 25-26).

Claim 117: Silverman discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses the messages being sent to and from the intermediary (matching computer) and not directly between the participants (col 2, lines 17-40 and col 17, lines 33-36). In the first passage, Silverman discloses that there are known trading systems which automatically executes the trade once a match is found without the two participants being able to

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negotiate (communicate) directly with each other. In the second passage, Silverman discloses that the matching computer has a communication enablement system for enabling communications between the counterparties in order to negotiate variable trading parameters, i.e. the negotiations are being sent to the matching computer, not directly to the other participant.

Claim 118: Silverman discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses the sellers and buyers sending to the intermediary messages containing data representing commodities available for exchange (col 7, lines 25-33).

Claims 119, 120, 129, 135, and 140-142: Silverman discloses a method for negotiated transactions of commodities as in Claim 116 above, and further discloses the subsequent counter-offer amounts are less than or equal to the offer amounts in the previous offer messages (col 7, lines 46-49 and col 12, lines 11-13 and 25-26).

Claims 123 and 143: Silverman discloses a system and method for negotiated transactions of commodities as in Claims 116 and 140 above, and further discloses that the objectives reflect the interests of the participants and are used to generate the counter-offers (col 7, lines 25-33).

Claims 133 and 145: Silverman discloses a system and method for negotiated transactions of commodities as in Claims 129 and 140 above, and further discloses the generating the offer amounts in order to maximize the value of the utility function (parameters)(col 7, lines 25-33).

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Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 121, 125, 126, 136, and 138 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman et al (5,924,082).

Claim 121: Silverman discloses a method for negotiated transactions of commodities as in Claim 116 above. While Silverman does not explicitly disclose generating the messages so as the exchange is determined in 90 seconds or less, the Examiner notes that this is a design decision. Both the Silverman system and the Applicant's system could arbitrarily be set to determine (i.e. complete) the exchange (auction) in 60 seconds, 120 seconds, or three days. Placing time limits on auctions is old and well known throughout the auction art. In virtually every "sealed bid" auction there is a set cutoff time for submitting bids and manytimes a set number of rounds of bids. Silverman discloses that the participants will enter the expiration terms with their bids/offers (col 7, line 28 and Fig. 5A, item 503), thereby effectively placing a time limit on the trade. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to set a time limit, such as 90 seconds, to complete the auction. One would have been motivated to select 90 seconds as a possible time limit in order to allow the participants enough time for multiple offers (bids) while still terminating the auction within a finite time.

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Claims 125, 126, 136 and 138: Silverman discloses a method for negotiated transactions of commodities as in Claims 116, 129, and 137 above. While Silverman does not explicitly disclose that the prices are externally obtained, it is old and well known in the commodity trading arts to use the current market price as a starting point in negotiations. Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to use the external market price as a starting point in the Silverman system.

10. Claims 130 and 144 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman et al (5,924,082) in view of Ausubel (5,905,975).

Claim 130: Silverman discloses a system for negotiated transactions of commodities as in Claim 129 above, but does not explicitly disclose that the total amount of commodities exchanged is maximized. Ausubel discloses a similar system for negotiated transactions of commodities in which the offer messages maximize the total amount of commodities exchanged (col 11, line 40 - col 13, line 5). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to maximize the total amount of commodities exchanged in the Silverman system. One would have been motivated to maximize the total amount in order to increase the revenue earned by the system. (One assumes that some type of "transaction fee" is being charged by the trading system to the participants as is normal in the business world.)

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Claim 144: Silverman discloses a method for negotiated transactions of commodities as in Claim 140 above, and further discloses generating counter-offers according to the objectives of the participants (col 7, lines 25-33). However, Silverman does not explicitly disclose expressing the objectives according to a portfolio theory. Ausubel discloses a similar system for negotiated transactions of commodities which further discloses expressing the objectives according to portfolio theory (col 6, lines 50-63) and using the objectives to generate the counter-offers (col 11, lines 5-10). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to express the objectives in Silverman according to a portfolio theory. One would have been motivated to express the objectives according to a portfolio theory in order to facilitate the communication of such objectives through the use of a standard “language” of commodity trading, i.e. a portfolio theory.

11. Claims 131, 132, and 134 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman (5,245,082) in view of Thiessen (5,495,412).

Claims 131, 132, and 134: Silverman discloses a method for negotiated transactions of commodities as in Claims 129 and 133 above and further discloses the system determining the “acceptability” of the match between the participants, but does not explicitly disclose measuring the unfairness of the share division of the commodity offers. Thiessen discloses using an unfairness calculation (satisfaction function) for resolving conflicting goals of participants during negotiations (col 4, lines 13-44) to maximize the satisfaction level (thus, minimizing the unfairness

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level) for each participant and to reach “an acceptable division of benefits among all parties” (col 11, lines 46-47). Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to perform similar calculations during the negotiations in Silverman to ensure the final commodity exchange is equitable and fair to all participants. One would have been motivated to calculate and apply the fairness factor in order to prevent alienation of certain participants who may feel as if they were treated unfairly. This would especially apply in situations where the size of the participants varies greatly. For instance, an individual desires to purchase 50 units of a commodity while three investment entities desire to purchase 1,000 units each of the same commodity. If there were only 2,500 units of this commodity offered for sale, the individual would most probably feel it unfair if the investment entities were allowed to purchase all of the commodities available and none were left for him to buy. By using one of Thiessen’s satisfaction calculations, all four purchasers would receive an equitable amount of units.

Response to Arguments

12. Applicant's arguments filed on June 14, 2002, have been fully considered but they are not persuasive.

a. The Applicant argues against the 35 U.S.C. 112 and 35 U.S.C. 101 rejections of claims 139 and 147 (pages 6 and 7). There arguments have been discussed at length in paragraphs 3 and 5 above.

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b. The Applicant argues that the Examiner changed the rejection from a combination of Ausubel (5,905,975) and Thiessen (5,495,412) to a singular rejection by Silverman and did not respond to the arguments concerning the previous rejection; and, therefore, “the prior grounds of rejection stand withdrawn on the record” (page 5). The Examiner notes that these two references are very pertinent prior art to the invention and disclose most, if not all, of the claimed features. As the Examiner noted in paragraph 1 of the previous office action of May 3, 2002 (paper number 18), a new single reference was found which disclosed the amended claims. However, the Examiner also noted in the same paragraph that the amendment was ineffective to overcome the two previous references. Thus, the Examiner reserves the right to reapply these references to future rejections of the claims based on the claimed subject matter at that time.

c. The Applicant further argues that Silverman does not disclose exchanging the offer and counter-offer messages through the intermediary (matching computer), but brings the identified parties into contact with each other (pages 8 and 9). As discussed in reference to Claim 117 in paragraph 7 above, Silverman explicitly discloses that the offers and counter-offers are sent to the matching computer, which assists in the negotiations until such time as an agreement is reached. At that time, the two parties are identified to each other and allowed to finalize the deal, such as entering shipping information, etc. Therefore, Silverman discloses a mediated negotiating system.

d. The Applicant also argues that in Silverman's system “each user's identity must be disclosed to all other users for the matching system based on ranking to function” (pages 8-9). The Examiner notes that Silverman explicitly discloses that anonymous transactions are well

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known within the industry (col 1, lines 29-33) and states that in his invention "the identity of the parties to the transaction is not revealed until just before or at the time a deal has been struck" (col 4, lines 10-12).

Conclusion

13. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Exr. James W. Myhre whose telephone number is (703) 308-7843. The examiner can normally be reached on weekdays from 6:30 a.m. to 3:30 p.m.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Eric Stamber, can be reached on (703) 305-8469. The fax phone number for Formal

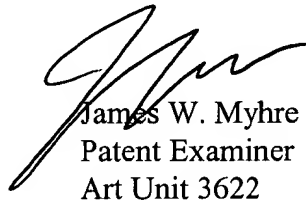
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or Official faxes to Technology Center 3600 is (703) 872-9326. Draft or Informal faxes may be submitted to (703) 872-9327 or directly to the examiner at (703) 746-5544.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group Receptionist whose telephone number is (703) 308-1113.



JWM
September 30, 2002



James W. Myhre
Patent Examiner
Art Unit 3622